

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 080068
ORIGIN EA-12

INFO OCT-01 ISO-00 H-01 /014 R

DRAFTED BY EA/PHL:JSARTORIUS:EBS
APPROVED BY EA/PHL:BAFLECK
-----019421 291535Z /41
R 290250Z MAR 78
FM SECSTATE WASHDC
TO AMEMBASSY MANILA

LIMITED OFFICIAL USE STATE 080068

E.O. 11652: N/A

TAGS: ENGR, RP, US

SUBJECT: REPLY TO CONGRESSMAN GUYER RE THE WESTINGHOUSE
NUCLEAR POWER PLANT PROJECT

ON THE OCCASION OF ASSISTANT SECRETARY HOLBROOKE'S APPEAR-
ANCE BEFORE THE HOUSE SUBCOMMITTEE ON ASIAN AND PACIFIC
AFFAIRS, MARCH 14, CONGRESSMAN GUYER REQUESTED AN UPDATE
ON THE WESTINGHOUSE NUCLEAR POWER PLANT PROJECT. FOR YOUR
INFORMATION, THE SUBSTANTIVE PORTION OF HOLBROOKE'S
WRITTEN REPLY OF MARCH 24 WAS AS FOLLOWS:

QUOTE

FOLLOWING THE OIL CRISIS OF 1973, THE PHILIPPINE GOVERN-
MENT DECIDED TO INSTALL ITS FIRST NUCLEAR POWER PLANT AS
ONE ELEMENT IN A VIGOROUS PROGRAM OF ENERGY DIVERSIFICA-
TION. WESTINGHOUSE WON THE CONTRACT FOR THIS \$1.1 BILLION
PROJECT; AND IN 1976 THE U-S. EXPORT-IMPORT BANK AGREED TO
PROVIDE FINANCING TOTALING \$644 MILLION IN LOANS AND
GUARANTEES. WORK COMMENCED MORE THAN A YEAR AGO AT THE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 080068

PLANT SITE, BATAAN PENINSULA, LUZON ISLAND, TO CONSTRUCT
THE NECESSARY INFRASTRUCTURE AND BUILDINGS THAT WILL HOUSE
THE NUCLEAR REACTOR.

US PRESS STORIES APPEARING LAST DECEMBER AND THIS JANUARY
HAVE IMPLIED THAT IN ORDER TO SECURE THE CONTRACT
WESTINGHOUSE MAY HAVE MADE IMPROPER PAYMENTS TO A MANILA

BUSINESSMAN, WHO IS A PERSONAL FRIEND OF PRESIDENT MARCOS. WESTINGHOUSE HAS STRONGLY DENIED THIS ALLEGATION. THE DEPARTMENT OF JUSTICE AND THE SEC HAVE BEGUN SEPARATE INVESTIGATIONS INTO THE MATTER, WHICH THEY ESTIMATE WILL REQUIRE SEVERAL MONTHS TO COMPLETE. PRESIDENT MARCOS HAS ALSO ORDERED THE PHILIPPINE GOVERNMENT TO UNDERTAKE AN INVESTIGATION OF ITS OWN.

CONCERNS HAVE ALSO BEEN RAISED ABOUT HEALTH, SAFETY, AND ENVIRONMENTAL MATTERS IN CONNECTION WITH THE SITING AND OPERATION OF THIS REACTOR. I AM ENCLOSING FOR YOUR INFORMATION RELEVANT INFORMATION IN THIS REGARD WHICH HAS BEEN PROVIDED BY MR. MOORE OF THE EXPORT-IMPORT BANK IN RESPONSE TO RECENT QUERIES BY CONGRESSMAN CLARENCE LONG. (TEXT FOLLOWS SEPTTEL).

IN THE MEANTIME, ANOTHER PRESS STORY REPORTED THAT THE SOVIET UNION IN JANUARY HAD OFFERED TO REPLACE THE WESTINGHOUSE NUCLEAR REACTOR. WE HAVE NO REASON TO BELIEVE THAT THERE IS ANY TRUTH TO THIS REPORT.

WE UNDERSTAND THAT THE EXPORT-IMPORT BANK, BASED ON AVAILABLE INFORMATION AT THIS TIME, HAS EVERY INTENTION OF CONTINUING TO HONOR ITS COMMITMENT TO ASSIST IN THE FINANCING OF THE WESTINGHOUSE PROJECT. THE EXECUTIVE BRANCH SUPPORTED THE AWARDING OF THIS CONTRACT TO A U.S. FIRM, LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 080068

RATHER THAN TO SEE IT GO TO AN ALTERNATIVE FOREIGN SUPPLIER--NOT ONLY TO BENEFIT THE U.S. INTERNATIONAL TRADE BALANCE--BUT BECAUSE THE U.S. ROLE AS A RELIABLE SUPPLIER IS AN IMPORTANT ELEMENT IN U.S. NUCLEAR NON-PROLIFERATION POLICY. IN THIS REGARD, I WOULD NOTE THAT THE GOVERNMENT OF THE PHILIPPINES IS A PARTY TO THE NON-PROLIFERATION TREATY AND THAT IN THE EXECUTIVE BRANCH VIEW, THE DEVELOPMENT OF NUCLEAR POWER IN THE PHILIPPINES POSES NO THREAT TO OUR SECURITY OR OTHER INTERESTS.

BASED ON THESE CONSIDERATIONS, THE EXECUTIVE BRANCH ON DECEMBER 14, 1977 MADE A POSITIVE RECOMMENDATION TO THE NUCLEAR REGULATORY COMMISSION IN SUPPORT OF THE PROPOSED REACTOR EXPORT. IT IS OUR VIEW THAT THE UNWARRANTED WITHDRAWAL OF U.S. SUPPORT FOR THIS REACTOR PROJECT AT THIS TIME WOULD, IN ADDITION TO DELAYING THE PHILIPPINE ENERGY PROGRAM, COMPLICATE AND POSSIBLY JEOPARDIZE U.S. RELATIONS WITH THE PHILIPPINES AS WELL AS CAST DOUBTS ON THE RELIABILITY OF THE U.S. AS A NUCLEAR SUPPLIER TO THOSE NATIONS

WHICH MEET OUR NON-PROLIFERATION CRITERIA. UNQUOTE. COOPER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NUCLEAR POWER PLANTS, NUCLEAR SAFEGUARDS, US CONGRESSIONAL HEARINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE080068
Document Source: CORE
Document Unique ID: 00
Drafter: JSARTORIUS:EBS
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780136-0458
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780313/aaaaakja.tel
Line Count: 115
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 7b715ebb-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3168098
Secure: OPEN
Status: NATIVE
Subject: REPLY TO CONGRESSMAN GUYER RE THE WESTINGHOUSE NUCLEAR POWER PLANT PROJECT ON THE OCCASION OF ASSISTANT SECRETARY HOLBROOKE'S
TAGS: ENRG, RP, US, (GUYER)
To: MANILA
Type: TE
vdkgvkey: odb://SAS/SAS.dbo.SAS_Docs/7b715ebb-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014